

## **FISCAL NOTE**

### **HB 3104 - SB 3631**

February 12, 2008

**SUMMARY OF BILL:** Establishes requirements for municipal water services that serve subscribers both inside and outside the corporate limits. When the subscribers outside the corporate limits comprise more than 20 percent of the subscribers, the water rates imposed on them may not exceed 20 percent of the rates imposed on the subscribers inside the corporate limits unless rates exceeding 20 percent are authorized by the water and wastewater financing board. Authorizes subscribers to file a written complaint with the board and prohibits the public water system from charging fees for services unavailable to the subscriber.

### **ESTIMATED FISCAL IMPACT:**

#### **Increase Local Expenditures – Not Significant**

##### Assumptions:

- According to the Municipal Technical Advisory Service (MTAS), 71 municipal water systems would be required to adjust rates under this legislation.
- However, the change in rates will not have a fiscal cost to local governments because by state law and GAAP regulations, water systems must be operated as enterprise funds. The revenues generated from users must cover the expense of operation. Thus if rates were decreased to customers outside the corporate limits, the rates of customers inside the corporate limits would likely be increased in an equivalent manner.
- Local governments may incur expenditures from rate readjustments and additional hearings, but these hearings are estimated to be few in number and thus the increase in local expenditures is estimated to be not significant.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized initial "J".

James W. White, Executive Director

/kmc